



BIENNIUM REVIEW

Climate Change

Key changes

- Washington will become the second state with an economy-wide cap-and-trade regulatory framework (joining California). The East Coast's Regional Greenhouse Gas Initiative includes 11 states but covers only the carbon dioxide emissions of the power sector.
- Washington passed a Clean Fuel Standard to reduce the carbon emissions from transportation fuel 20 percent below 2017 levels by 2035.
- The legislation on Cap-and-Trade and the Clean Fuel Standard authorized Ecology to write and adopt rules to implement both programs by January 1, 2023.
- Numerous bills to restrict natural gas in the building sector were introduced, and just one passed ([SB 5722](#)).
- Several bills were passed to lay the groundwork for a transition to electrification of transportation.
- The operating budget makes a massive \$130 million investment this biennium in bipartisan long-term forest health policy, which will reduce carbon emissions from wildfires.

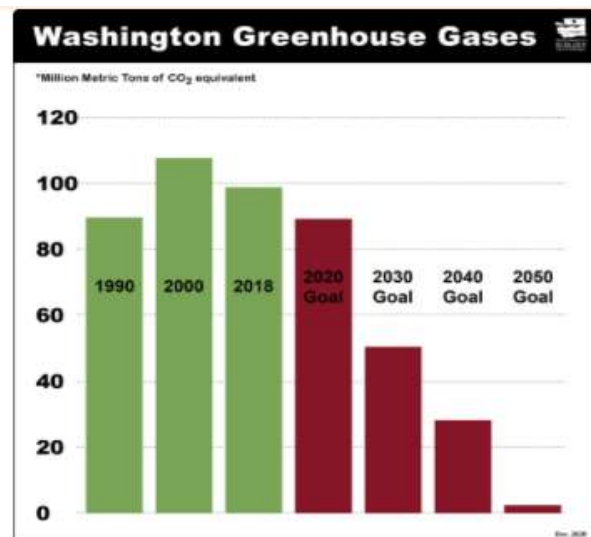
Background

In 2020, Washington state updated its greenhouse gas emissions reduction targets to set a goal to reduce emission from approximately 95 million metric tons to five million metric tons by 2050 (See [RCW 70A.45.020](#)). In practical terms, achieving this goal will require virtual elimination of the combustion of natural gas and petroleum products in Washington over the next three decades, with the exception of fuel used in interstate commerce (marine, aviation, and exported fuel). Accomplishing this goal will require regulations that either mandate or incentivize building owners and vehicle owners to convert to electricity. It is unclear how heavy industry and freight transportation will find a path forward that is compatible with the state's greenhouse gas goals.

Greenhouse gas emission limits

In 2020, the Washington Legislature set new greenhouse gas emission limits in order to combat climate change. Under the law, the state is required to reduce emissions levels:

- 2020 - reduce to 1990 levels.
- 2030 - 45% below 1990 levels.
- 2040 - 70% below 1990 levels.
- 2050 - 95% below 1990 levels and achieve net zero emissions.



Bills

- ✓ [Senate Bill 5126](#) (Carlyle/Governor Request) – **Washington Climate Commitment Act**. Establishes a cap-and-invest program for greenhouse gas emissions to be implemented by the Department of Ecology. Regulated entities will have a budget of allowable emissions for each of a series of multi-year compliance periods and can buy allowances at auction to emit above the amount budgeted. Allowance auctions will raise about \$921 million in fiscal years '23-'25. *Passed House 54-43-1. Signed by Governor. Effective July 25, 2021.*
- ✓ [Senate Bill 5842](#) (Carlyle) – **State Laws on Climate Change**. Modifies the CCA's preemption of state agency greenhouse gas regulatory programs. Recodifies and modifies certain vetoed provisions addressing the logistics of compliance obligations under the CCA. Requires the Office of Financial Management to submit a report to the Legislature by December 1, 2023, addressing greenhouse gas emission laws other than the CCA. *Passed House 81-15. Signed by Governor. Effective June 9, 2022.*
- ✓ [Senate Bill 5722](#) (Nguyen/Governor Request)—**Greenhouse Gas Emissions in Buildings**. Creates a regulatory program administered by Commerce for existing commercial buildings of 20,000-50,000 square feet, as well as multi-family residential buildings greater than 50,000 square feet, that requires reporting and meeting an energy performance standard. *Passed House 53-45. Signed by Governor. Effective June 9, 2022.*
- ✓ [Senate Bill 5974](#) Section 415, 429 & 429 (Liias) – **Transportation Package Resources**. The Move Ahead Washington transportation policy created a goal that only electric vehicles after model year 2030 may be sold, purchased, or registered in Washington. It creates an interagency electric vehicle council and industry advisory committee to create a plan to implement this goal. We can expect the transition to happen through rule making. *House passed 54-43. Signed by Governor. Effective date of these sections is June 9, 2022.*
- ✓ [House Bill 1091](#) (Fitzgibbon/Governor Request) – **Reducing GHG by Limiting Transportation Fuels**. Directs the Department of Ecology (Ecology) to adopt rules establishing a Clean Fuels Program (CFP) to limit the aggregate, overall greenhouse gas (GHG) emissions per unit of transportation fuel energy to 10 percent below 2017 levels by 2028 and 20 percent below 2017 levels by 2035. *Passed House 54-43-1. Partially vetoed by Governor. Effective July 25, 2021.*
- ✓ [House Bill 1287](#) (Ramel) – **Zero-Emissions Transportation Future**. Among other provisions, requires the state building code have certain minimum requirements for electric vehicle infrastructure in all new residential buildings by July 1, 2024. ~~Once a road usage charge is in effect with 75 percent of registered vehicles in the state participating, a goal is established for the state that all model year 2030 or later passenger and light-duty vehicles be electric~~ (Vetoed). *Passed House 54-43-1. Partially vetoed by Governor. Effective July 25, 2021.*
- ✓ [House Bill 1050](#) (Fitzgibbon) – **Fluorinated Gases**. Authorizes Ecology to place new regulations on stationary air conditioning and refrigeration, and new ice rinks including by setting a maximum global warming potential threshold for the coolants and to design a program to address the end-of-life management and disposal of refrigerants. This is particularly relevant to our food and grocery industry. *Passed House 56-40-2. Signed by Governor. Varying effective dates. See Final Bill Report for effective dates.*
- ✓ [House Bill 1168](#) (Springer/Kretz) – **Long-Term Forest Health**. Requires the Department of Natural Resources (DNR) to implement a variety of wildfire preparedness, prevention, and forest health initiatives, including developing a forest health workforce, an aviation support program, a program for small forest landowners and market development for woody biomass residuals from forest health treatments. *Passed House 96-0-2. Signed by Governor. Effective July 25, 2021.*
- ✓ [House Bill 1114](#) (Dye) – **Urban Heat Islands**. This bill draws attention to the warming that is produced in dense built environments. Based on an extensive study of a similar long-running program of the Sacramento Municipal Utility District that showed real dollar utility bill savings for customers, this new law allows electric utilities to use voluntary donations for urban forestry from electric customers to fund a tree planting program that will conserve energy and

cool the urban environment, and also allow the UTC to offer an incentive rate of return to investor-owned utilities to offer tree planting programs and cool roof programs. *Passed House 98-0. Signed by Governor. Effective July 25, 2021.*

- ✖ [House Bill 1084](#) (Ramel/Governor Request) – **Healthy Homes & Clean Buildings Act**. Among other provisions, as introduced, this bill would have required residential and nonresidential construction permitted after 2027 to eliminate on-site fossil fuel combustion for space heating and water heating. In plain English – no natural gas in homes or commercial buildings after 2027. Without the ability to expand to new units, the business model for natural gas utilities would be severely undermined. *Died in House Appropriations.*
- ✖ [House Bill 1099](#) (Duerr) – **Updating State's Comprehensive Planning**. Among other provisions, required a climate change and resiliency element of locally adopted comprehensive plans, and required Commerce to publish guidelines for a set of actions for counties and cities to take related to greenhouse gas emissions reductions and vehicle miles traveled. Essentially, this bill pushes climate change regulation from the state to local governments as part of the Growth Management Act. Elements of the bill survived as budget provisos (see discussion below under “Budget information”). *Passed House 57-41. Died in the House after Conference.*
- ✖ [House Bill 1770](#) (Duerr/Governor Request) – **Strengthening Energy Codes**. The Governor’s request bill envisions net-zero buildings by 2030. Net consumption of energy in the buildings must be reduced at least 70 percent. This means change in lifestyle – no gas fireplaces just for ambiance or back up heat. No air conditioning in low-income buildings. *House passed 51-47. Died in Senate Rules Committee.*
- ✖ [House Bill 1767](#) (Ramel/Governor Request) – **Electrification Plans**. Would authorize public utility districts and municipal electric utilities to convert customer end use equipment like water heaters, stoves, and furnaces from natural gas fuel sources to electricity using ratepayer funds. *Died on House Second Reading Calendar.*

Budget information

The 2021-23 operating budget, [Senate Bill 5092](#), contains numerous climate related provisos, the most important of which include, but are not limited to the following:

- \$251,000 for the Utilities and Transportation Commission to examine “feasible and practical pathways for investor-owned electric and natural gas utilities to contribute their share to greenhouse gas emissions reductions as described in RCW 70A.45.020, and the impacts of energy decarbonization on residential and commercial customers and the electrical and natural gas utilities that serve them.” See [Section 143\(4\)](#).
- \$1,656,000 for Commerce to publish guidelines of model actions that counties and cities may take under existing statutory authority through updates to their comprehensive plans and development regulations to reduce greenhouse gas emissions, including actions that “have a demonstrated ability to reduce per capita vehicle miles traveled,” and a model climate change and resiliency element. See [Section 129\(126\)](#).
- \$225,000 to the UW College of Environment to provide an “updated climate impacts risk assessment designed to inform future updates to the statewide climate resilience strategy.” Report is to be delivered by December 15, 2022. See [Section 606\(23\)](#). There is an additional \$300,000 to develop open access climate science educational curriculum for use in teacher preparation programs. A separate proviso of \$463K to the Climate Impact Group at the College of Environment. See [Section 1602\(33\)](#).
- \$2,339,000 for Ecology to standardize the consideration of climate change risks and greenhouse gas emissions in environmental assessments for major projects with significant environmental impacts. See [Section 1302\(36\)](#).
- \$3,000,000 for Office of Superintendent of Public Instruction to provide grants to school districts and educational service districts for science teacher training in the next generation science standards including in the climate science standards. See [Section 1518\(4\)\(c\)](#).
- \$11,716,000 for Ecology to implement SB 5126, the Climate Commitment Act. See [Section 302\(26\)](#).
- \$2,277,000 for Ecology to implement HB 1091, the Clean Fuel Standard. See [Section 302\(5\)](#).
- \$130,423,000 for Department of Natural Resources to implement HB 1168, Forest Health. See [Section 310\(2\)](#).

The 2022 supplemental operating budget, [Senate Bill 5693](#), contains numerous climate related provisos, which include, but are not limited to the following:

- **Electric Vehicle Subsidy.** \$120.0 million General Fund-State is appropriated into the Electric Vehicle Incentive Account created in the budget for programs and incentives to promote the purchase of and conversion to alternative fuel vehicles. Funding from the Electric Vehicle Incentive Account is appropriated in the Department of Commerce for expenditure through FY 2025 for such programs developed in consultation with the Interagency Electric Vehicle Coordinating Council created in Engrossed Substitute Senate Bill 5974 (Transportation resources). Commerce must prioritize programs and incentives that will serve individuals in overburdened communities, including low-income communities, communities with the greatest health disparities, and communities of color.
- **Community Solar Resilience Hubs.** \$111 million General Fund-State is provided for grants to increase solar deployment and installation of battery storage in community buildings such as schools, community colleges, community and recreation centers, libraries, tribal and government buildings, and other publicly owned infrastructure.
- **Community Solar Projects.** \$60 million General Fund-State is provided to administer grants to public assistance organizations serving low-income communities for the deployment of community solar projects.

Additional information

- [Washington Legislature charts 'new beginning' in climate change fight](#). Crosscut, May 3, 2021.
- [Cascadia needs cleaner fuels to trim carbon emissions by 2030](#). Crosscut, April 30, 2021.
- ['Urban heat islands' like Seattle should plant more trees, says rural lawmaker](#). Seattle Times, April 1, 2021.
- [At the Washington Legislature, big and surprising wins on climate, policing and tax proposals. Why now?](#) Seattle Times, May 2, 2021.